

**Amend Sections 5000, 5070, 5070.5, 5081, 5081.1, 5082, 5082.1, 5082.2, 5083, 5084, 5087, and 5134 of, add Sections 5075, 5076, 5080.2, 5081.2, 5081.3, 5083.1 to, and repeal Section 5023 of, the Business and Professions Code to ease the CPA certification requirements for auditors employed by governmental agencies.**

**Source: Honorable John Chiang**

Under existing law, to be licensed as a CPA, a candidate must pass the Uniform CPA examination, meet specified experience requirements, pass a professional ethics exam and pay the appropriate fees. Once licensed, a CPA must also meet continuing education requirements.

The Uniform CPA examination is given twice each year in the first week of May and November. The exam is a two-day exam, consisting of four subjects: Business Law and Professional Responsibilities, Auditing, Accounting and Reporting, and Financial Accounting and Reporting. Candidates may take the four subject parts in any order. Candidates who have not passed any subjects are required to take at least two subjects. The minimum passing grade in each subject is 75.

A candidate who passes two or more subjects of the examination receives conditional credit for those subjects. Candidates with conditional credit can be re-examined in the remaining subject(s) within a period of three years (six subsequent exams). If the candidate passes the remaining subject(s) within the conditional period, the candidate is considered to have passed the examination. Candidates who fail to pass the remaining subject(s) within three years forfeit all conditional credit.

In California, a candidate may satisfy one of the following education requirements to be admitted to the exam. These are currently the only education requirements for the CPA license:

- Complete a baccalaureate degree (BA) that includes specific core courses of 35 semester units of business subjects and 10 semester units of accounting and/or auditing subjects.
- Complete 120 semester units of course work including the core course requirements (but no degree).
- Complete the equivalent of either of the first two requirements at a foreign college or university.
- Complete Board specified preliminary examinations or be a member of a Board recognized foreign accounting body.

The candidate must self certify that the education requirements have been met as of the date of application to the exam.

A candidate for licensure is required to meet both a time and experience requirement. Generally, a candidate for licensure must have three years' experience working in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing employment may be qualified experience provided that the work was performed under the direct supervision of an individual licensed as a CPA. One year of the experience may be waived for candidates that are graduates of accredited colleges. The experience must be performed in accordance with applicable professional standards.

Candidates must also complete at least 500 hours of audit, review, or examination of prospective financial information (known as "attest" experience). Practical experience must cover all of the following:

- Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records.
- Experience in preparing audit working papers covering examination of the accounts usually found in accounting records.
- Experience in planning the program of audit work including the selection of the procedures to be followed.
- Experience in preparing written explanations and comments on the finding of the examination and the content of the accounting records.
- Experience in preparing and analyzing financial statements together with explanations and notes thereon.

For many candidates, the "attest" experience is the most difficult to obtain since only 13 percent of CPAs consider audits to be their primary area of practice and since auditing skills and knowledge must be frequently updated. For Board employees, the attest experience is very difficult to obtain. Typically, Board employees will conduct audits to verify that specific taxes or fees administered by the Board are properly reported. However, Board auditors do not perform financial statement audits that are part of the attest experience requirement. Therefore, for a Board auditor to obtain all of the required attest experience, the Board auditor must find a way to perform financial statement audits under the supervision of a licensed CPA.

This proposal would conform to the Uniform Accountancy Act (UAA) the exam, education, and experience requirements and would create a peer review process for "attest" firms similar to the UAA peer review process. This proposal would also modify renewal, exam and registration fees. Finally, the proposal would modify the California Board of Accountancy composition and duties consistent with the other changes made by the proposal. Specifically, the proposal would:

- **Modify the exam requirements.** Under this proposal, to obtain conditional credit for the parts of the exam they pass, first-time candidates must take all parts of the exam and receive a minimum score of 50 on the parts not passed.

The education requirements for taking the exam would remain the same. Transitional rules would be provided so that candidates who already have conditional credit when the new law and regulations become effective would be allowed to pass the remaining parts under the prior law and regulations.

- **Increase the educational requirements.** Although the education requirement for taking the Uniform CPA Examination would remain the same, under this proposal, candidates would be required to have a baccalaureate or graduate degree with 150 semester units to obtain a license. Courses must include the subject of financial accounting, auditing, taxation and management accounting.
- **Modify the experience requirement.** Under this proposal, the “attest” experience would not be a requirement for licensure. The general experience requirement would be reduced to one year of professional experience providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills performed in accordance with professional standards. The experience must be supervised and verified, under penalty of perjury, by a licensed CPA. The experience must extend over a period of no less one year and no more than three years and include at least 2,000 hours of performance.
- **Provide transitional rules for the education and experience requirements.** Under this proposal, there would be a three-year transition period where candidates could choose to qualify under either the old or new education and experience requirements. However, candidates would not be permitted to combine the old education requirements with the new experience requirements.
- **Establish a peer review requirement for “attest” firms.** Firms that perform audits, reviews, or examinations of prospective financial information (attest services) would be required to receive a comprehensive assessment of its reports, work papers, auditing procedures, and quality controls by a peer review. Acceptable peer reviews could be obtained from any provider as long as the peer review was performed in accordance with professional standards and the Board approves the provider.

*Section 5000 of the Business and Professions Code is amended to read:*

5000. There is in the Department of Consumer Affairs the California Board of Accountancy, which consists of 10 members, ~~five of whom shall be certified public accountants, one of whom shall be a public accountant,~~ six of whom shall be licensees of the board, and four of whom shall be public members who shall not be licentiates of the board or registered by the board. The board has the powers and duties conferred by this chapter.

The Governor shall appoint two of the public members, ~~the five certified public accountant members, and the public accountant member~~ and the six licensee members qualified as provided in this section. The Senate Rules Committee and the Speaker of the Assembly shall each appoint a public member. In appointing the ~~five certified public accountant~~ six licensee members, the Governor shall appoint members representing a cross section of the accounting

profession with at least ~~one member~~ two members representing a small public accounting ~~firm~~ firms. For the purposes of this chapter, a small public accounting firm shall be defined as a professional firm that employs a total of no more than four ~~certified public accountants~~ licensees as partners, owners, or full-time employees in the practice of public accountancy within the State of California.

This section shall become operative on July 1, 1997, and shall become inoperative on July 1, 2002, \_\_\_\_\_ and as of January 1, 2003, \_\_\_\_\_ is repealed, unless a later enacted statute, that becomes effective on or before January 1, 2003, \_\_\_\_\_ deletes or extends the dates on which this section becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

*Section 5023 of the Business and Professions Code is repealed:*

~~5023. The board may establish an advisory committee of its own certified public accountant members or other certified public accountants of the state in good standing, to perform either of the following advisory duties:~~

- ~~—(a) To examine all applicants for the license of certified public accountant.~~
- ~~—(b) To recommend to the board applicants for the certified public accountant license who fulfill the requirements of this chapter.~~

*Section 5070 of the Business and Professions Code is amended to read:*

5070. Permits to engage in the practice of public accountancy in this state shall be issued by the board only to holders of the certificate of certified public accountant issued under this chapter and to those partnerships, corporations, sole proprietors, and other persons who, upon application approved by the board, are registered with the board under this chapter. All applicants for registration shall furnish satisfactory evidence that the applicant is entitled to registration and shall pay the ~~fee as provided in~~ any fee required by Article 8 (commencing with Section 5130). Every partnership, corporation, and other person except sole proprietors registered pursuant to Section 5075 to whom a permit is issued after December 31, 1962, shall, in addition to any other fee which may be payable, pay the initial permit fee provided in Article 8 (commencing with Section 5130).

Each partnership, corporation, and other person issued a permit by the board to practice as a certified public accountant or as a public accountant shall be furnished with a ~~suitable~~ certificate evidencing such registration.

*Section 5070.5 of the Business and Professions Code is amended to read:*

5070.5. (a) A permit issued under this chapter to a certified public accountant or a public accountant expires at 12 midnight on the last day of the month of the

legal birthday of the licensee during the second year of a two-year term if not renewed.

To renew an unexpired permit, a permitholder shall, before the time at which the permit would otherwise expire, apply for renewal on a form prescribed by the board, pay the renewal fee prescribed by this chapter and give evidence satisfactory to the board that he or she has complied with the continuing education provisions of this chapter.

(b) A permit to practice as an accountancy partnership or an accountancy corporation expires at 12 midnight on the last day of the month in which the permit was initially issued during the second year of a two-year term if not renewed. To renew an unexpired permit, the permitholder shall, before the time at which the permit would otherwise expire, apply for renewal on a form prescribed by the board, pay the renewal fee prescribed by this chapter, and provide evidence satisfactory to the board that the accountancy partnership or accountancy corporation is in compliance with this chapter.

(c) The permit to practice as a sole proprietor pursuant to Section 5075 shall expire on the same date as and shall be renewed in conjunction with the permit to practice as a certified public accountant or a public accountant described in subdivision (a). To renew this sole proprietor permit, the permit holder shall apply for renewal on a form prescribed by the board and provide evidence satisfactory to the board that the sole proprietorship is in compliance with this chapter.

*Section 5075 is added to the Business and Professions Code to read:*

5075. (a) To be authorized to provide attest services as defined in Section 5076, a sole proprietor holding a valid license as a certified public accountant or public accountant shall register as a firm and meet requirements of Section 5076.

(b) Notwithstanding subdivision (a), a sole proprietor holding a valid license as a certified public accountant or public accountant on December 31, 2001, is authorized to provide attest services until the first expiration date of the certified public accountant or public accountant license that occurs after January 1, 2003.

(c) No fee shall be charged for registration as a sole proprietor under this section or for renewal of this registration.

(d) The board may adopt regulations to implement, interpret, or make specific the provisions of this section.

*Section 5076 is added to the Business and Professions Code to read:*

5076. (a) A partnership, corporation, or sole proprietor shall not provide attest services unless it complies with either of the following:

(1) The firm (A) is authorized by law to practice public accountancy in California on December 31, 2001; (B) completes a peer review prior to the first registration expiration date after January 1, 2003, and no less frequently than

every three years thereafter; and (C) complies with the registration requirements of this chapter.

(2) The firm (A) applies to the board and receives board approval to provide attest services; (B) completes a peer review within one year of approval of its application by the board and no less frequently than every three years thereafter; (C) until completion of the peer review referenced under subparagraph (B) employs at least one certified public accountant or public accountant with qualifying attest experience; and (D) complies with the registration requirements of this chapter.

(b) The board may for good cause grant up to a one year extension to a firm that applies to be a provider of attest services under paragraph (2) of subdivision (a) and is unable to complete a peer review within one year of approval of its application.

(c) For purposes of this section, the following definitions apply:

(1) "Peer review" means a study, appraisal, or review conducted in accordance with professional standards of the professional work of a licensee or registered firm by another licensee unaffiliated with the licensee or registered firm being reviewed. The peer review shall include, but not be limited to, a review of at least one attest engagement representing the highest level of service performed by the firm and may include an evaluation of other factors in accordance with requirements specified by the board in regulations.

(2) "Attest" includes an audit, a review of financial statement, an examination of prospective financial information, and other services as the board may specify by regulation.

(d) The board shall adopt regulations as necessary to implement, interpret and make specific this section including, but not limited to, regulations specifying the qualifications and responsibilities of the individual with qualifying attest experience for purposes of paragraph (2) of subdivision (a), regulations specifying the requirements for the approval of peer review providers, and regulations establishing a peer review oversight committee.

*Section 5080.2 is added to the Business and Professions Code to read:*

5080.2. (a) During the period January 1, 2002, through December 31, 2004 applicants for the certified public accountant license in addition to meeting the examination requirements of this article, shall comply with either of the following:

(1) applicant shall meet the educational requirements of Section 5081.1 and the experience requirements of Section 5083, or

(2) the applicant shall meet the educational requirements of Section 5083.3 and the experience requirements of Section 5083.1

(b) Commencing January 1, 2005, all applicants for the certified public accountant license, in addition to meeting the examination requirements of this article, shall meet the educational requirements of Section 5081.3 and the experience requirements of Section 5083.1.

*Section 5081 of the Business and Professions Code is amended to read:*

5081. An applicant for admission to the examination for a certified public accountant license shall:

(a) Not have committed acts or crimes constituting grounds for denial of a license under Section 480.

(b) File the application for the examination. An application for the examination shall not be considered filed unless all required supporting documents, fees, and the fully completed board-approved application form are received in the board office or filed by mailed in accordance with Section 11003 of the specified final filing date.

(c) Meet one of the requirements specified in Section 5081.1 or Section 5081.2.

*Section 5081.1 of the Business and Professions Code is amended to read:*

5081.1. An applicant for admission to the examination for a certified public accountant ~~certificate~~ license during the period January 1, 2002, through December 31, 2004, shall comply with one of the following: requirements or shall meet the requirements of section 5081.2. This section shall become inoperative on January 1, 2005.

(a) ~~He or she~~ The applicant shall present satisfactory evidence that ~~he or she~~ the applicant has either of the following:

(1) A baccalaureate degree from a university, college or other four-year institution of learning accredited by a regional ~~or national~~ institutional accrediting agency ~~or association~~ included in a list of these agencies published by the United States ~~Commissioner~~ Secretary of Education under the requirements of ~~Section 253 of the Veterans' Readjustment Assistance Act of 1952, known as Public Law 550 of the 82<sup>nd</sup> Congress, as amended~~ the Higher Education Act of 1965 as amended, with a major in accounting or related subjects requiring a minimum of 45 semester units of instruction in these subjects. If the applicant has received a baccalaureate degree in a nonaccounting major, the applicant shall present satisfactory evidence of study substantially the equivalent of an accounting major, including courses in related business administration subjects.

(2) A degree or degrees from a college, university, or other institution of learning located outside the United States that is approved by the board as the equivalent of the baccalaureate degree described in paragraph (1). The board may require an applicant under this paragraph to submit documentation of his or her education to a credentials evaluation service approved by the board for evaluation and to cause the results of this evaluation to be reported to the board. The board shall adopt regulations specifying the criteria and procedures for approval of credential evaluation services. These regulations shall, at a minimum, require that the credential evaluation service (A) furnish evaluations directly to the board; (B) furnish evaluations written in English; (C) be a member of the American Association of Collegiate Registrars and Admission Officers, the

National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services; (D) be used by accredited colleges and universities; (E) be reevaluated by the board every five years; (F) maintain a complete set of reference materials as specified by the board; (G) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts; (H) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses; (I) have an appeal procedure for applicants; and (J) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translators, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the credential evaluation service meets the standards set forth in this paragraph and in any regulations adopted by the board.

(b) ~~He or she~~ The applicant shall present satisfactory evidence that ~~he or she~~ the applicant has successfully completed a two-year course of college level study ~~at college grade~~ or received an associate in arts degree from a ~~junior~~ community college, either institution accredited by a regional or national accrediting agency or association that is included in a list published by the United States Commissioner of Education under the provisions of federal law specified in paragraph (1) of subdivision (a), and that ~~he or she~~ the applicant has studied completed a minimum of 120 semester units which includes the study of accounting and related business administration subjects ~~for a period of at least four years~~.

(c) The applicant shall show to the satisfaction of the board that ~~he or she~~ the applicant has had the equivalent of the educational qualifications required by subdivision (b), or shall pass a preliminary written examination approved and administered by an agency approved by the California State Department of Education and shall have completed a minimum of 10 semester units or the equivalent in accounting subjects. The 10 semester units in accounting subjects shall be completed at a college, university, or other institution of higher learning accredited at the college level by an agency or association that is included in a list published by the United States Commissioner of Education under the federal law specified in paragraph (1) of subdivision (a).

(d) ~~He or she~~ The applicant shall be a public accountant registered under this chapter.

*Section 5081.2 is added to the Business and Professions Code to read:*

5081.2 (a) An applicant for admission to the examination for a certified public accountant license shall present satisfactory evidence that the applicant has completed at least 120 semester units of college education including a



baccalaureate or higher degree conferred by a college or university, meeting at minimum the standards described in subdivision(b) of Section 5081.3 the total educational program to include an accounting concentration or equivalent as specified by the board in regulations.

*Section 5081.3 is added to the Business and Professions Code to read:*

5081.3 (a) An applicant for the certified public accountant license shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education including a baccalaureate or higher degree conferred by a college or university, meeting a minimum, the standards described in subdivision (b), the total educational program to include an accounting concentration or equivalent as specified by the board in regulations.

(b) In order for education to be qualifying, education must meet the standards described in paragraph (1) or paragraph (2) of this subdivision.

(1) At a minimum, education must be from a university, college, or other institution of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended.

(2) Education from a college, university, or other institution of learning located outside the United States may be qualifying provided it is deemed by the Board to be equivalent to education obtained under paragraph ( 1) of this subdivision. The board may require an applicant to submit documentation of his or her education to a credentials evaluation to be reported to the board in order to assess educational equivalency.

(3) The board shall adopt regulation specifying the criteria and procedures for approval of credential evaluation service (A) furnish evaluations directly to the board; (B) furnish evaluations written in English; (C) be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services; (D) be used by accredited colleges and universities; (E) be reevaluated by the board every five years; (F) maintain a complete set of reference materials as specified by the board; (G) base evaluations only upon authentic, original transcripts and degrees and have a written for identifying fraudulent transcripts; (H) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses; (I) have an appeal procedure for applicant; and (J) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translator, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the

credential evaluation service meets the standards set forth in this paragraph and in any regulations adopted by the board.

*Section 5082 of the Business and Professions Code is amended to read:*

5082. An applicant for a certified public accountant license ~~shall be over the age of 18 and~~ shall have successfully passed ~~written~~ examinations in such subjects as the board deems appropriate.

*Section 5082.1 of the Business and Professions Code is amended to read:*

5082.1. All examinations provided for herein shall be held by the board at such places as circumstances may warrant, and as often as may be necessary in the opinion of the board. The board may contract with any organization, governmental or private, for examination material or services. Within 90 days after the examination the board shall notify each candidate of his or her grade. All examination ~~papers~~ records shall be preserved for a period of at least six months after the notification of grading and any candidate shall upon request to the board have access to his or her ~~papers~~ records.

*Section 5082.2 of the Business and Professions Code is amended to read:*

5082.2. A candidate who fails an examination provided for herein shall have the right to any number of reexaminations at subsequent examinations held by the board. ~~A candidate who passes an examination in two or more subjects shall have the right to be reexamined in the remaining subject only, at subsequent examinations held by the board, and if he or she passes in the remaining subject within a period of time specified in the rules of the board, he or she shall be considered to have passed the examination.~~ The Board shall adopt regulations specifying the standards for passage of the examination and for reexamination. The board may give credit to a candidate who has passed all or part of the examination in another state or territory, if the members of the board determine that the standards under which the examination was held are as high as the standards established for the examination in this chapter.

*Section 5083 of the Business and Professions Code is amended to read:*

5083. (a) An individual applying for licensure by meeting the educational requirements of Section 5081.1 shall meet, to the satisfaction of the board, one of the following experience requirements:

(1) Four years of experience if the applicant qualified to sit for the exam by meeting the requirements of subdivision (b) or (c) of Section 5081.1.

(2) Three years of experience if the applicant qualified to sit for the exam by meeting the requirements of subdivision (a) or (d) of Section 5081.1 or meets the requirements of Section 5082.3.

(b) In order to be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting may be qualifying if completed by, or in the employ of, a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing employment may be qualifying provided that this work was performed under the direct supervision of an individual licensed by a state to engage in the practice of public accountancy.

(c) The board shall prescribe rules establishing the character and variety of experience necessary to fulfill the experience requirements set forth in this section, including a requirement that each applicant demonstrate to the board satisfactory experience in the attest function as it relates to financial statements. For purposes of this subdivision, the attest function includes audit and review of financial statements.

(d) This section shall become inoperative on January 1, 2005.

*Section 5083.1 is added to the Business and Professions Code to read:*

Section 5083.1. An applicant applying for initial issuance of a license by meeting the educational requirements of Section 5081.3 shall show, to the satisfaction of the board that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, tax financial advisory tax or consulting skills all of which meet requirements prescribed by the Board in regulations. In order to be qualifying under this section, experience shall have been performed in accordance with applicable professional standards and shall have been performed in accordance with applicable professional standards and shall have been supervised and verified by a licensee of California Board of Accountancy or licensee of an accountancy board of another state. Acceptable experience may be gained through employment in government, industry, or public practice.

*Section 5084 of the Business and Professions Code is amended to read:*

5084. The board shall grant one year's credit toward fulfillment of its public accounting experience requirement specified in Section 5083 to an applicant meeting the educational requirements of Section 5081.1 who is a graduate of a college who has completed a four-year course with 45 or more semester units or the equivalent thereof in the study of accounting and related business administration subjects, of which at least 20 semester units or the equivalent thereof shall be in the study of accounting The members of the board shall prescribe rules establishing the character and variety of experience necessary to fulfill the experience requirements set forth in this section. This section shall become inoperative on January 1, 2005.

*Section 5087 of the Business and Professions Code is amended to read:*

5087. (a) The board may issue a certified public accountant license to any applicant who is a holder of a valid and unrevoked certified public accountant license issued under the laws of any state, if the board determines that the standards under which the applicant received the license are substantially equivalent to the standards of education, examination, and experience established under this chapter and the applicant ~~is over the age of 18 years, and~~ has not committed acts or crimes constituting grounds for denial under Section 480.

(b) The board may in particular cases waive any of the requirements regarding the circumstances in which the various parts of the examination were to be passed for an applicant from another state.

*Section 5134 of the Business and Professions Code is amended to read:*

5134. The amount of fees prescribed by this chapter is as follows:

(a) The fee to be charged to each applicant for the certified public accountant examination shall be fixed by the board at an amount to equal the actual cost to the board of the purchase or development of the written examination, plus the estimated cost to the board of administering the written examination and shall not exceed ~~two hundred fifty dollars (\$250)~~ six hundred dollars (\$600). The board may charge a reexamination fee equal to the actual cost to the board of the purchase or development of the written examination or any of its component parts, plus the estimated cost to the board of administering the written examination and not to exceed ~~fifty dollars (\$50)~~ seventy-five dollars (\$75) for each part that is subject to reexamination.

(b) The fee to be charged to out-of-state candidates for the certified public accountant examination shall be fixed by the board at an amount equal to the estimated cost to the board of administering the examination and shall not exceed ~~one hundred fifty dollars (\$150)~~ six hundred dollars (\$600) per candidate.

(c) The application fee to be charged to each applicant for issuance of a certified public accountant certificate shall be fixed by the board at an amount equal to the estimated administrative cost to the board of processing and issuing the certificate and shall not exceed two hundred fifty dollars (\$250).

(d) The application fee to be charged to each applicant for issuance of a certified public accountant certificate by waiver of examination shall be fixed by the board at an amount equal to the estimated administrative cost to the board of processing and issuing the certificate and shall not exceed two hundred fifty dollars (\$250).

(e) The fee to be charged to each applicant for registration as a partnership or professional corporation shall be fixed by the board at an amount equal to the estimated administrative cost to the board of processing and issuing the registration and shall not exceed two hundred fifty dollars (\$250). ~~and shall not exceed one hundred fifty dollars (\$150).~~

(f) The board shall fix the biennial renewal fee so that, together with the estimated amount from revenue other than that generated by subdivisions (a) to ~~(d)~~ (e), inclusive, the reserve balance in the board's contingent fund shall be equal to approximately three to six months of annual authorized expenditures. Any increase in the renewal fee made after July 1, 1990, shall be effective upon a determination by the board, by regulation adopted pursuant to subdivision (k), that additional moneys are required to fund authorized expenditures other than those specified in subdivisions (a) to ~~(d)~~ (e), inclusive, and maintain the board's contingent fund reserve balance equal to three to six months of estimated annual authorized expenditures in the fiscal year in which the expenditures will occur. The biennial fee for the renewal of each of the permits to engage in the practice of public accountancy specified in Section 5070 shall not exceed two hundred fifty dollars (\$250).

(g) The delinquency fee shall be 50 percent of the accrued renewal fee.

(h) The initial permit fee is an amount equal to the renewal fee in effect on the last regular renewal date before the date on which the permit is issued, except that, if the permit is issued one year or less before it will expire, then the initial permit fee is an amount equal to 50 percent of the renewal fee in effect on the last regular renewal date before the date on which the permit is issued. The board may, by regulation, provide for the waiver or refund of the initial permit fee where the permit is issued less than 45 days before the date on which it will expire.

~~(i) The fee to be charged for filing of sponsor agreements for continuing education courses shall be fixed by the board at not more than one hundred dollars (\$100). Universities, colleges, or other four-year institutions of learning accredited by a regional or national accrediting agency or association included in a list of those agencies or associations published by the United States Commissioner of Education under the requirements of Section 253 of the Veterans' Readjustment Assistance Act of 1952, known as Public Law 550 of the 82nd Congress, as amended, are exempted from the payment of this filing fee.~~

~~(j)~~ (i) The actual and estimated costs referred to in this section shall be calculated every two years using a survey of all costs attributable to the applicable subdivision.

~~(k)~~ (j) Upon the effective date of this section the board shall fix the fees in accordance with the limits of this section and, on and after July 1, 1990, any increase in any fee fixed by the board shall be pursuant to regulation duly adopted by the board in accordance with the limits of this section.

~~(l)~~ (k) Fees collected pursuant to subdivisions (a) to (d), inclusive, shall be fixed by the board in amounts necessary to recover the actual costs of providing the service for which the fee is assessed, as projected for the fiscal year commencing on the date the fees become effective.